

What's top of investors' minds?

Correction creates opportunities in Asia

At the start of 2025 we had two key messages for investors. First, we argued that Asian assets would outperform US assets. Second, historically high US valuations argued for diversification away from the US into more attractively valued markets. This has happened in spades so far, with MSCI Asia ex-Japan up 28% and MSCI Japan up 24% vs. a 15% rise in the S&P 500 year-to-date.

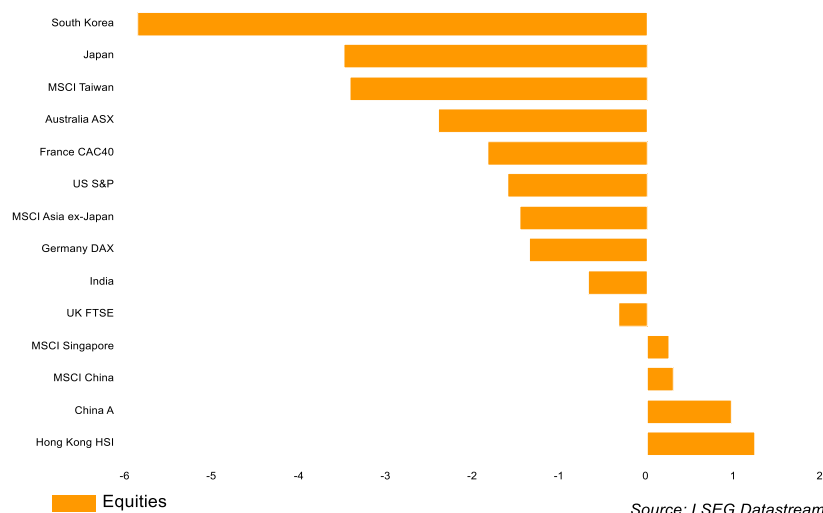
Our analysis leads us to believe that Asian assets will continue outperforming US assets in 2026, offering investors powerful diversification benefits.

Against this background, the market correction of the past week is interesting. The Asian high beta equity markets – Korea, Taiwan, and Japan – have fallen more than US markets while China, India, and Singapore have outperformed.

The US correction last week has created opportunities in Asia

Equity index total returns

Percentage change, USD, 1W chg, 07/11/2025



These performance differences come despite strongly positive revisions to earnings estimates in most Asian equity markets and particularly in Korea and Taiwan. China's outperformance has come despite less than impressive Q3 earnings results, weaker than expected October PMIs and an unexpected 1%yoy drop in exports in October.

India's October PMIs surprised modestly to the upside and Q3 earnings results to date have been just in line with expectations. As we wrote last week, equity momentum may shift away from China toward India in the coming weeks until China's government gives clearer guidance about new stimulus plans.



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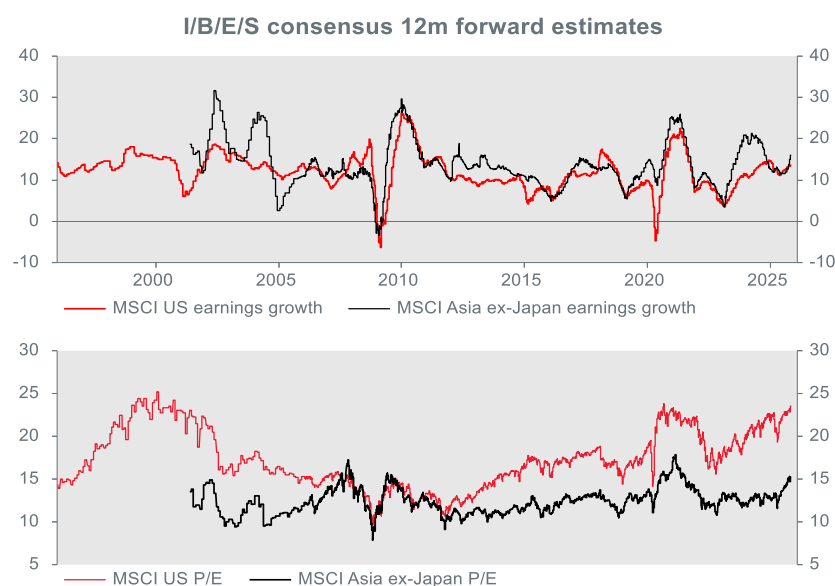


We expect US equities to recover in the coming weeks and to grind up in the early months of 2026. Pressure on the US Congress to end the government shutdown soon is rising. We continue to expect soft US labour data to spur the US Federal Reserve to cut the Fed Funds rate by another 25bps in December. Third quarter earnings have been better than expected and results point to robust US capex growth over the next several quarters, particularly in the US tech sector. Consensus estimates for US hyperscaler capex spending have recently pushed higher to USD400bn this year and USD520bn in 2026.

To be sure, that US capex equates to a lot of Asian exports of electronics and power generation and storage equipment in the pipeline for the next year. In addition to this, new fiscal stimulus in China seems likely while the full effect of recent fiscal stimulus in India, Indonesia, and Thailand will land in 2026 along with interest rate cuts in all three, in our view.

These are key reasons why we expect Asia to continue outperforming the US. This mix of US IT demand and domestic stimulus is leading Asia ex-Japan equities to offer stronger expected earnings growth than the US markets over the next year. Yet, whereas US equities are flirting with historically high valuations, Asian market valuations are generally much less demanding in both absolute and relative terms.

Asia offers stronger earnings growth at much lower valuations

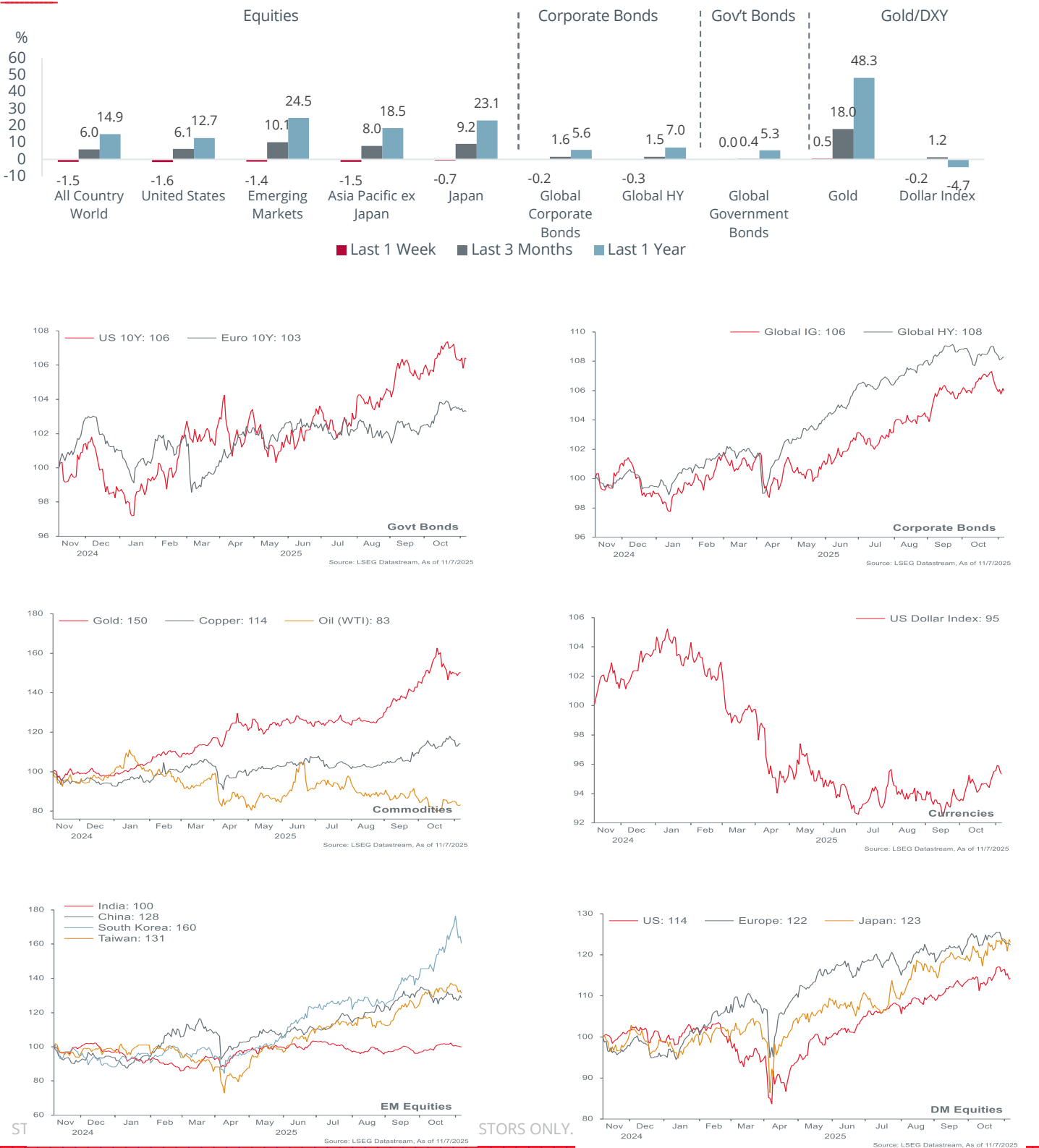


This combination of robust earnings growth and relatively attractive valuations underpins our belief that investors will benefit again in 2026 from portfolio diversification into Asian markets.

Market Review

Global equity markets retreated over the week, weighed down by persistent concerns surrounding the ongoing U.S. federal government shutdown—which, having started on 1 October, has now become the longest in US history. The protracted uncertainty continues to dampen investor sentiment. Additionally, apprehension over elevated valuations and increased scrutiny of artificial intelligence (AI) spending added further pressure. The MSCI ACWI Index fell -1.5% in USD terms, while in the US markets, the S&P 500 Index and Nasdaq declined by -1.6% and -3.0%, respectively. Emerging markets and the Asia Pacific ex-Japan market returned -1.4% and -1.5%, respectively, in USD terms. In fixed income markets, US Treasuries outperformed their global government counterparts. US Treasury yields generally declined along maturities up to seven years; the 10-year maturity yield was relatively unchanged while yields on the longer 20-year and 30-year maturities rose roughly three basis points. Global high yield bonds underperformed global government bonds. Gold rose during the week, while the US dollar (DXY) fell slightly by -0.2%.

Asset Performances



Market Data

Government Bonds	Close	1 week change (%)	1 month change (%)	3 month change (%)	1 year change (%)	YTD change (%)	52 week high	52 week low
US Treasury Yield (%)								
10 Year	4.09	-0.20	-0.82	-3.56	-5.76	-10.57	4.81	3.95
10 Year Bond Yield (%)								
Japan	1.68	1.27	0.18	12.75	66.17	53.99	1.70	1.00
China	1.76	-0.34	-6.39	3.53	-17.00	4.64	2.13	1.61
Australia	4.36	1.04	-0.93	2.42	-6.30	-0.27	4.70	4.10
Singapore	1.93	-2.67	1.79	-1.53	-33.24	-32.40	3.09	1.75
Malaysia	3.50	-0.06	0.37	3.76	-11.12	-8.32	3.94	3.36
Indonesia	6.14	0.67	-2.04	-4.70	-9.41	-12.56	7.30	5.92
	Close	1 week change (%)	1 month change (%)	3 month change (%)	1 year change (%)	YTD change (%)	52 week high	52 week low
Bond Indices								
Bloomberg Global Aggregate USD	95.11	-0.19	0.32	0.45	1.23	1.44	95.66	92.65
Bloomberg U.S. Aggregate USD	94.10	-0.07	0.16	1.30	2.88	4.06	94.92	89.27
Equity Indices	Close	1 week change (%)	1 month change (%)	3 month change (%)	1 year change (%)	YTD change (%)	52 week high	52 week low
World								
MSCI AC World Index (USD)	991.32	-1.48	-0.08	5.97	14.92	17.83	1,014.42	742.96
North America								
US S&P 500 Index	6,728.80	-1.63	0.21	6.13	12.65	14.40	6,920.34	4,835.04
US Nasdaq Composite Index	23,004.54	-3.04	0.95	8.29	19.38	19.13	24,019.99	14,784.03
Europe								
MSCI Europe	2,489.54	-0.91	-1.56	3.34	18.53	24.30	2,554.90	1,976.06
Asia Pacific								
MSCI Asia Pacific ex Japan	714.16	-1.54	-0.34	7.97	18.48	25.42	733.24	513.60
Japan Nikkei 225	50,276.37	-4.07	4.85	22.45	27.67	26.02	52,636.87	30,792.74
Shanghai Stock Exchange Composite	3,997.56	1.08	2.96	9.83	15.18	19.27	4,025.70	3,040.69
Hong Kong Hang Seng	26,241.83	1.29	-2.66	4.63	25.24	30.82	27,381.84	18,671.49
Taiwan TAIEX	27,651.41	-2.06	1.61	15.20	18.12	20.04	28,554.61	17,306.97
Korea KOSPI	3,953.76	-3.74	11.40	22.50	54.16	64.78	4,226.75	2,284.72
India NIFTY 50	25,492.30	-0.89	1.53	3.64	5.34	7.81	26,104.20	21,743.65
Australia Stock Exchange 200	8,769.70	-1.26	-2.09	-0.70	6.61	7.48	9,115.20	7,169.20
Indonesia Jakarta Composite	8,394.59	2.83	2.76	12.08	15.89	18.57	8,398.77	5,882.61
Thailand SET	1,302.91	-0.50	-0.18	2.98	-11.35	-6.95	1,478.77	1,053.79
Malaysia FTSE Bursa KLSE	1,619.13	0.62	-0.67	4.52	-0.26	-1.41	1,658.73	1,386.63
Philippines Stock Exchange PSE	5,759.37	-2.87	-5.33	-9.51	-17.89	-11.79	7,142.54	5,722.71
Singapore FTSE Straits Times Index	4,492.24	1.44	0.45	5.50	22.29	18.60	4,520.49	3,372.38
Currencies (vs USD)	Latest	1 week Change	1 Month Ago	3 Months ago	1 Year Ago	YTD	52 week high	52 week low
Developed Markets								
EUR	0.16	0.27	-0.77	-0.86	7.04	11.71	1.19	1.02
GBP	0.16	0.05	-1.97	-2.11	1.32	5.16	1.37	1.22
CHF	-0.19	0.07	0.86	-0.20	-7.76	-11.29	0.92	0.79
JPY	0.22	-0.39	0.99	4.28	0.31	-2.40	158.35	140.85
Asia								
CNY	0.04	0.07	0.04	-0.82	-0.27	-2.43	7.35	7.10
HKD	0.02	0.08	-0.08	-0.93	0.08	0.12	7.85	7.75
INR	-0.03	-0.11	-0.08	1.40	5.16	3.61	88.84	84.26
MYR	-0.19	-0.26	-0.93	-1.35	-5.16	-6.60	4.51	4.17
KRW	0.48	1.88	2.82	5.23	5.50	-1.42	1,485.83	1,352.45
SGD	-0.17	0.03	0.63	1.40	-1.45	-4.71	1.37	1.27
TWD	-0.05	0.62	1.42	3.92	-3.49	-5.55	33.25	28.90
IDR	-0.06	0.33	0.88	2.43	6.04	3.67	16,865.00	15,665.00

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Sources

Asset performances: (bar charts) Eastspring Investments, Refinitiv, as at 7 November 2025. Equities: using MSCI indices in USD, United States is using the S&P 500. Corporate Bonds: using ICE BofA indices in USD. Government Bonds: using the FTSE Global Sovereign Bond index, in USD. Gold is London Bullion Market US Dollar per Metric Tonne. DXY is US Dollar Index. **(line charts)** Eastspring Investments, Refinitiv, as at the end of the prior week, rebased to 100 as at 1 year ago. Equities: MSCI indices, in USD. Corporate Bonds: using Bloomberg indices in USD. Government Bonds: using ICE BofA US 10 Year US Treasury and ICE BofA 7-10 Year Euro Government indices. Commodities: Gold is London Bullion Market US Dollar per Metric Tonne Ounce. Copper is LME Copper Grade A Cash US Dollar per Metric Tonne. Oil is Crude Oil WTI Spot Cushing US Dollar per Barrel. US Dollar is US Dollar Index.

Market data: Eastspring Investments, Refinitiv, as at 7 November 2025. Equities: MSCI indices in USD, other indices in local currency. Other indices or assets as stated. Please note that there are limitations to the use of such indices as proxies for the past performance in the respective asset classes/sector. The historical performance or forecast presented in this slide is not indicative of and should not be construed as being indicative of or otherwise used as a proxy for the future or likely performance of the Fund



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